

Savings & Transformation Strategy 2020/21 – 2029/30

INTRODUCTION

By way of context, since 2010/11 the Council has seen its local government finance settlement (core funding) decrease by some 65% or £4.3m (from £6.6m in 2010/11 to £2.3m in 2020/21).

The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme which in 2020/21 is around £3.4m. However, NHB, in its current form at least, is highly unlikely to continue beyond 2020/21 where legacy payments only, excluding the 2020/21 allocation, will be received, the last of which in 2022/23. Notwithstanding NHB would have continued to reduce over time as the changes already made to the scheme worked their way through the system and the recent above average housing delivery fell out of the calculation to around £1.8m.

We are fortunate that we do not have to make all the required savings and transformation contributions in one year and can spread the challenge into ‘tranches’ as set out within the Council’s Medium Term Financial Strategy (MTFS).

Nevertheless, the Council have acknowledged that we need to balance customer expectations with the need to make these savings and transformation contributions and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

In the latest iteration of the MTFS it is assumed overall government grant funding (core funding + NHB or its replacement) will steadily reduce to £2.45m in 2023/24 uplifted by inflation thereafter and where the latest projected outstanding funding gap between expenditure and income is circa £320,000; and the Strategy ‘refreshed’ to ensure that future savings and transformation contributions can be delivered as required. In updating this Strategy, it is noted that the ‘tranches’ assumed within the MTFS are: *Tranche 1* - £20,000 to be achieved by April 2021; and *Tranche 2* - £300,000 to be achieved by April 2024.

OBJECTIVES

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings and transformation contributions in order to bridge the funding gap identified in the Council’s MTFS, and to deliver as much as possible in the earlier years in order to minimise risk to the Council’s finances.
2. To direct resources in line with the principles of the Council’s Corporate Strategy.
3. To maintain the Council’s reputation of good front line service provision.

4. To adopt a 'mixed' approach to addressing the funding gap through a series of 'themes'.
5. To be open to accept 'cultural' change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings.
6. To engage, as appropriate, with stakeholders when determining how savings and transformation contributions will be achieved.

THE STRATEGY

It is recognised that there is no one simple solution to addressing the financial challenge faced. The Council will need to embrace transformation in a multitude of ways in order to deliver the savings and transformation contributions within an agreed timescale.

This Strategy sets out a measured structure and framework for delivering the necessary savings and transformation contributions through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, with even greater efficiency – for example, with the help of new technology – and with increased income opportunities where circumstances allow this. It might also mean that services will simply need to be run with fewer resources. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually.

Progress on identifying and implementing savings and transformational opportunities across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

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Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property
and Deputy Executive Leader

February 2020

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Savings and Transformation Contributions in Previous Years of STS £000	Theme	Indicative Years	Target £000	Savings and Transformation Contributions Identified after Setting of 2020/21 Budget £000	Balance of Target to be Achieved £000
462	Income Generation & Cost Recovery	2020 - 2024	75	0	75
327	In-Service Efficiencies	2020 - 2021	20	0	20
369	Service Change & Reduction	2020 - 2024	170	0	170
785	Contracts	2020 - 2024	10	0	10
263	Organisation Structure Change	2020 - 2024	10	0	10
431	Partnership Funding	2020 - 2024	10	0	10
186	Asset Management	2020 - 2024	25	0	25
2,823	TOTAL		320	0	320

Note: This Strategy will be updated on at least an annual basis to reflect challenges set out in the Medium Term Financial Strategy.

Savings & Transformation Strategy updated February 2020